



**IOWA FINANCE AUTHORITY
BOARD MEETING MINUTES**

**Iowa Finance Authority Presentation Room
2015 Grand Avenue
Des Moines, Iowa**

December 5, 2007

Board Members Present

Kay Anderson, Chair
Roger Caudron, Vice Chair
Carmela Brown, Treasurer

Steven Adams (via telephone)
Virginia Bordwell
David Erickson

Staff Members Present

Bret Mills, Executive Director
Lori Beary, Community Development
Director
Steven Harvey, Director of Operations
Francisco Hernandez, Marketing Specialist
Craig Johnson, Underwriter
Shawna Lode, Communications Director
Susan Mock, Administrative Assistant
Tim Morlan, Underwriter
Sharon Murphy, Housing and Grants
Specialist

Julie Noland, Senior Technical Analyst
Loyd Ogle, Director of Title Guaranty
Division (TG)
Joe O'Hern, Director of HousingIowa
Carla Pope, Director of Affordable Rental
Production
James Smith, Deputy Director/CFO
Mark Thompson, General Counsel
David Vaske, Low-Income Housing Tax
Credit Manager
Nancy Wallis, Administrative Assistant

Others Present

Ben Banowetz – State Public Policy Group
(SPPG)
Adam Bennett – Cardinal Capital
Management
Bob Burns – BurnsHousing.com
Mike Carver
Dan Garrett – Midwest Housing Equity
Group

David Grossklaus – Dorsey & Whitney Law
Firm
John Mauro – Curly Top, LLC
Dan O'Connell – Cardinal Capital
Management
Kyle Rice – State Treasurer's Office
Jon Rosmann - SPPG
LeeAnn Russo – Iowa Vocational
Rehabilitation Services

Call to Order

Chair Anderson called to order the December 5, 2007, regular meeting of the Iowa Finance Authority (IFA) Board of Directors at 10:55 a.m. Roll call was taken and a quorum was established with the following members present: Adams, Anderson, Bordwell, Brown, Caudron and Erickson.

Review of Minutes

November 7, 2007, Minutes

Chair Anderson introduced the minutes of the November 7, 2007, meeting of the IFA Board of Directors.

MOTION: On a motion by Ms. Bordwell and a second by Mr. Erickson, the Board unanimously approved the minutes of the November 7, 2007, Board meeting.

Resolution – Recognition of Vince Lintz

Chair Anderson read the resolution honoring Vince Lintz for his years of service on the IFA Board.

MOTION: On a motion by Ms. Brown and a second by Ms. Bordwell, the Board unanimously approved the resolution. Mr. Caudron noted it was approved with pleasure.

Ms. Anderson said the Board members presented a plaque to Mr. Lintz at the dinner following the Board training session the previous evening because he was not available to attend the Board meeting.

Administration / Finance

Summary & Overview

Mr. Mills thanked the Board for attending the training session the previous day and thanked the staff for the excellent material presented. He also noted that he was awaiting word from the Governor's Office about someone to fill the vacant position on the IFA Board.

Mr. Mills reported that Mr. Joseph Jones was currently in Pakistan and India with a group of Young American Political Leaders and would return to IFA in the middle of December. He stated that Mr. Jones would be finalizing the legislative agenda at that time and would present a report to the Board at the January meeting.

Board members thanked the staff for an informative Board training session.

Finance

Review of Financial Statement

Mr. Harvey presented the October financial statement, noting that as a housing agency, IFA's year-to-date revenue is unfavorable to budget and year-to-date expenses are favorable to budget, making the year-to-date operating income unfavorable to budget by \$322,358. He said the main

reasons the revenue is unfavorable to budget is because TG fees are less than expected and grant income for the Emergency Shelter Grant Program is behind.

Mr. Harvey stated that the State Revolving Fund (SRF) is currently unfavorable to budget primarily due to timing issues with cap grant draws. He noted, however, that IFA issued bonds in October for the state match and that the Cap Grant draws should increase to budgeted levels within a month.

MOTION: On a motion by Ms. Brown and a second by Mr. Caudron, the Board unanimously accepted the October financial report.

Resolution re: Multifamily Loans and Issuance of Multifamily Bonds, Series 2008 A, B & C

Mr. Smith introduced the resolution and briefly summarized the details of the loans for four multifamily projects. He said IFA anticipates closing the bond issue at the end of February. In answer to a question from the Board, Mr. Smith said that if approved, they would be approving the bond issue and the four loans with one vote.

Mr. Morlan answered questions from the Board relating to the market for rentals in Des Moines and other locations. He said the market studies seem to support the need for additional rentals in Des Moines and for family units in Davenport.

MOTION: Ms. Bordwell made a motion to approve the resolution authorizing and approving mortgage loans to St. Mary's Apartments of Dubuque, LLC; Rumely Housing, LLC; Art House, LLC; and Garden Apartments, LP; authorizing the issuance and sale of Iowa Finance Authority Multifamily Housing Bonds in one or more series; authorizing and approving the execution and delivery of related documents; and delegating certain responsibilities to the Executive Director for approving the final terms of the Bonds and the forms and content of related financing documents and the mortgage loans to St. Mary's Apartments of Dubuque, LLC; Rumely Housing, LLC; Art House, LLC; and Garden Apartments, LP. On a second by Mr. Caudron, the Board unanimously approved the resolution approving the multifamily loans and the issuance of Multifamily Bonds, Series 2008 A, B & C.

Legal

Adopted and Filed – Chapter 18, Waivers and Variances

Mr. Thompson introduced the amendments to Chapter 18, "Waivers and Variances from Administrative Rules," Iowa Administrative Code. He reported that IFA received a letter from Iowa Land Title Association (ILTA) objecting to the proposed changes. Mr. Thompson said the letter was included in the Board packets.

Mr. Thompson stated that in response to questions in the committee meeting, he recommends that the word "alternative" be added to the last sentence of Section 18.10 to read, ". . .the authority shall instruct the executive director to prepare an alternative order to be approved at a subsequent board meeting." Ms. Bordwell then suggested that the word "approved" be changed to "considered."

MOTION: Mr. Caudron made a motion to approve the amendments to Chapter 18, "Waivers and Variances from Administrative Rules," Iowa Administrative Code, as amended. On a second by Mr. Erickson, the Board voted with the following results: YES – Adams, Anderson, Brown,

Caudron and Erickson; NO – Bordwell. On a majority vote, the Board approved the amendments to Chapter 18, “Waivers and Variances from Administrative Rules.”

Adopted and Filed Emergency – SRF 26.5(7)

Mr. Thompson explained that staff is recommending that the Board approve the changes to SRF 26.5(7), which will take out the 10-year call rule and allow SRF borrowers to prepay loans without penalty. He said that by approving the rules adopted and filed emergency first, the rules can go into effect immediately. Mr. Thompson reported that by then approving the Notice of Intended Action, the rule change can go through normal rule-making procedures, allowing for public comment.

Adopted and Filed Emergency – SRF 26.5(7)

MOTION: On a motion by Ms. Bordwell and a second by Ms. Brown, the Board voted unanimously to adopt and file emergency SRF 26.5(7).

Notice of Intended Action – SRF 26.5(7)

MOTION: On a motion by Mr. Caudron and a second by Mr. Erickson, the Board unanimously approved the Notice of Intended Action for SRF 26.5(7).

Legislative

Mr. Mills noted that Mr. Jones would provide a thorough legislative update at the January Board meeting.

Communications

Ms. Lode reported that she and the SRF team at IFA are preparing an advertising campaign and developing an SRF brand that will accomplish the goals of IFA and the Iowa Department of Natural Resources (DNR).

Ms. Lode also announced that IFA’s 2008 HousingIowa Conference will be held October 2-3, 2008, at the Downtown Des Moines Marriott. She said IFA is also considering the possibility of hosting a multifamily conference in the spring of 2008.

Ms. Lode stated that she and Ms. Terri Rosonke are crafting a marketing tool kit for providers of affordable assisted living in Iowa that will be available online and will be distributed in binder form to the recipients of a Rural Community Development Grant from the USDA. She also reported that the new affordable assisted living Web site would be launched soon.

Ms. Lode closed by saying that IFA has submitted a legislative award nomination to the National Council of State Housing Agencies (NCSHA) for the funnel cake event we hosted last spring. She said the award winners will be announced in early March 2008.

Economic Development Program

ED Loan #07-08, Wahkonsa Manor Apartments Project (f/k/a Fort Dodge Leased Housing Associates Project)

Ms. Noland introduced the authorizing resolution for \$6,500,000 of Iowa Finance Authority Multifamily Housing Revenue Bonds for the Wahkonsa Manor Apartments Project in downtown Fort Dodge. She said the Board adopted the inducement resolution on March 14, 2007, and held the public hearing on September 7, 2007. Ms. Noland stated that Private Activity Bond Cap was

tendered in the amount of \$6,500,000 on October 11, 2007, and was accepted by the borrower on October 14, 2007.

RESOLUTION #07-08B

MOTION: Mr. Caudron made a motion to approve the resolution authorizing the issuance of not to exceed \$6,500,000 of Iowa Finance Authority Multifamily Housing Revenue Bonds and/or Bond Anticipation Notes (Wahkonsa Manor Apartments Project) in one or more series for the purpose of making loans to assist the borrower in the acquisition, construction and equipping of a project; authorizing the execution and delivery of certain financing documents pertaining to the project; authorizing an assignment of certain financing documents for further securing the payment of the bonds and/or notes; authorizing the sale of the bonds and/or notes; authorizing the appointment of a trustee; and related matters. On a second by Ms. Bordwell, the Board unanimously approved Resolution #07-08B.

ED Loan #07-21, Iowa Laser Technology Project

Ms. Noland asked the Board to hold a public hearing regarding the issuance of Iowa Finance Authority Manufacturing Facility Revenue Bonds for Iowa Laser Technology Project in Cedar Falls.

Public Hearing: Chair Anderson opened a public hearing at 11:20 a.m. regarding the issuance of an amount not to exceed \$3,458,700 of Iowa Finance Authority Manufacturing Facility Revenue Bonds for Iowa Laser Technology Project in Cedar Falls, Black Hawk County. Ms. Noland said IFA had received no written or verbal comments regarding the project. There being no comments from the audience, Chair Anderson closed the public hearing at 11:21 a.m.

Ms. Noland then introduced the authorizing resolution for an amount not to exceed \$3,458,700 of Iowa Finance Authority Manufacturing Facility Revenue Bonds for Iowa Laser Technology Project in Cedar Falls located in Black Hawk County, Iowa. She reported that Iowa Laser Technology specializes in laser cutting and welding and that the bonds would be used for the expansion of the existing facility. Ms. Noland stated that the Board adopted the inducement resolution on August 7, 2007, and noted that Private Activity Bond Cap was tendered to the borrower in the amount of \$3,484,256 on October 23, 2007.

RESOLUTION #07-21B

MOTION: Mr. Erickson made a motion to approve the resolution authorizing the issuance of not to exceed \$3,500,000 of Iowa Finance Authority Manufacturing Facility Revenue Bonds (Iowa Laser Technology, Inc. Project), Series 2007, in one or more series for the purpose of making a loan to assist the borrowers in the acquisition, construction and equipping of a project; authorizing the execution and delivery of certain financing documents pertaining to the project; authorizing an assignment of certain financing documents for further securing the payment of the bonds; authorizing the sale of the bonds; and related matters. On a second by Mr. Adams, the Board unanimously approved Resolution #07-21B.

ED Loan # 07-37, PowerFilm, Inc. Project

Ms. Noland asked the Board to hold a public hearing regarding the issuance of Iowa Finance Authority Manufacturing Facility Revenue Bonds for PowerFilm, Inc. Project in Ames.

Public Hearing: Chair Anderson opened a public hearing at 11:22 a.m. regarding the issuance of an amount not to exceed \$5,000,000 of Iowa Finance Authority Manufacturing Facility Revenue Bonds for PowerFilm, Inc. Project in Ames, Story County. Ms. Noland said IFA had received no written or verbal comments regarding the project. There being no comments from the audience, Chair Anderson closed the public hearing at 11:23 a.m.

Ms. Noland then introduced the authorizing resolution for an amount not to exceed \$5,000,000 of Iowa Finance Authority Manufacturing Facility Revenue Bonds for PowerFilm, Inc. Project in Ames, located in Story County, Iowa. She explained that the bonds would be used to expand the advanced manufacturing facility, which produces thin film photovoltaics, such as solar panels. Ms. Noland stated that the Board approved the application and inducement resolution on November 7, 2007, and \$5,000,000 in Private Activity Bond Cap was tendered to the project on November 27, 2007.

RESOLUTION #07-37B

MOTION: Ms. Bordwell made a motion to approve the resolution authorizing the issuance of not to exceed \$5,000,000 of Iowa Finance Authority Manufacturing Facility Revenue Bonds (PowerFilm, Inc. Project) for the purpose of making a loan to assist the borrower in the acquisition, construction and equipping of a project; authorizing the execution and delivery of certain financing documents pertaining to the project; authorizing an assignment of certain financing documents for further securing the payment of the bonds; authorizing the sale of the bonds; authorizing the appointment of a trustee; and related matters. On a second by Mr. Erickson, the Board unanimously approved Resolution #07-37B.

ED Loan #07-25, Edgewater Project

Ms. Noland introduced a resolution amending the authorizing resolution for the Edgewater Project in West Des Moines. She reported the Board approved the original authorizing resolution on October 3, 2007. Ms. Noland said the borrower is requesting that the amounts of bonds be increased from \$90,000,000 to \$95,000,000 due to increased costs associated with the project.

RESOLUTION #07-25B-1

MOTION: Ms. Brown made a motion to approve the resolution amending the resolution authorizing the issuance of not to exceed \$90,000,000 of Iowa Finance Authority Retirement Community Revenue Bonds (Edgewater, A Wesley Active Life Community, LLC Project) (the “Bonds”), for the purpose of making a loan to assist the borrower in the acquisition, construction and equipping of a project; authorizing the execution and delivery of certain financing documents pertaining to the project; authorizing an assignment of certain financing documents pertaining to the project; authorizing an assignment of certain financing documents for further securing the payment of the bond; authorizing the sale of the bonds; authorizing the appointment of a trustee; and related matters; the bonds to be issued by the Iowa Finance Authority in an aggregate principal amount not exceeding \$95,000,000. On a second by Mr. Erickson, the Board unanimously approved Resolution #07-25B-1.

HousingIowa

Single-Family Housing Programs

Presentation by State Public Policy Group (SPPG) re: Minority Enterprise Construction Council

Mr. O'Hern introduced Mr. Jon Rosmann and Mr. Ben Banowetz from SPPG. Mr. Rosmann spoke briefly about the Minority Enterprise Construction Council (MECC) and explained that the group has worked for three years in Polk County with minority-owned construction businesses. He said they hope to expand to other areas of the state.

Mr. Banowetz presented information in a PowerPoint presentation to explain about the curriculum that has been developed to help the minority business owners with issues of liability, insurance, accounting, marketing, business plan development and bidding on projects. He said the MECC has a network of resources that has helped 53 individuals in the past three years to begin and/or expand a construction business.

Mr. Rosmann reported that the MECC attempts to meet any needs the minority-owned businesses encounter, and the business owner can participate in whatever workshops they choose. He noted that the goal is to expand into Denison, Marshalltown, Davenport and Waterloo. Mr. Rosmann said that in order to do that, they are requesting \$40,000 per year for the next three years from IFA, Iowa Department of Economic Development and local city/county investment (\$10,000 per community as in-kind or hard match).

Mr. Rosmann and Mr. Banowetz responded to questions from the Board and said they were not looking for an immediate decision from the Board, but would appreciate the Board's consideration of a financial commitment in the future.

Board members expressed thanks and appreciation for the work that SPPG is doing with the MECC.

Affordable Rental Production

Binding Commitment for 2008 Low-Income Housing Tax Credits to Community Homes, LP

Ms. Pope reported that in November, the Board awarded tax credits in an amount not to exceed \$103,087 to Community Homes LP Project, a scattered-sites project in Des Moines. She said that because the project cannot meet carryover (spend 10 percent of the project's cost) by the end of December 2007, staff recommends signing a binding commitment to award the tax credits in January 2008. Ms. Pope explained that the project then would have until December 2008 to meet carryover.

MOTION: On a motion by Mr. Caudron and a second by Ms. Bordwell, the Board unanimously approved the binding commitment for 2008 Low-Income Housing Tax Credits to Community Homes, LP Project.

Presentation by LeeAnn Russo – Iowa Vocational Rehabilitation Services (IVRS) re: Entrepreneurs with Disabilities (EWD)

Ms. Pope introduced Ms. Russo, Program Director for the EWD program. Ms. Russo explained that The Abilities Fund, which had administered the program since 1995, chose within the last year not to continue with the program. She said that IVRS determined they could begin to provide the day-to-day administration of the program.

Ms. Russo noted that self-sufficiency is the goal for people with disabilities, preferably self-employment because being self-employed lessens the issues of transportation and getting ready for work. She distributed a list showing types of employment the people are involved in and the communities in which self-employed individuals with disabilities are currently working successfully.

Ms. Pope explained that each year, IFA renews the contract to allow the funding for the program to pass through IFA to the agency administering the program. She said the proposed resolution would provide for the interagency agreement for the period from October 1, 2007, through September 30, 2008, and would reflect the change in rules that became effective November 28, 2007.

Resolution – Interagency Agreement for EWD Program for FY2008

MOTION: Ms. Brown made a motion to approve the resolution establishing an interagency agreement to implement a coordinated Entrepreneurs with Disabilities Program. On a second by Ms. Bordwell, the Board unanimously approved the resolution.

Water Quality Programs

Mr. Caudron stepped out of the meeting at 12:09 p.m.

Resolution - Planning and Design Loans

Ms. Beary introduced a resolution to approve Planning and Design Loans for Hedrick, Urbana, Elkader, Norway, St. Charles and Rathbun Regional Water Association for a total of \$3,030,600. She noted that with the adoption of this resolution, IFA has approved Planning and Design Loans in FY08 for 23 projects totaling more than \$6.2 million.

MOTION: On a motion by Mr. Erickson and a second by Ms. Bordwell, the Board members present unanimously approved the Planning and Design Loan Resolution.

Mr. Caudron returned to the meeting at 12:11 p.m.

Resolution – Wastewater Treatment Financial Assistance Program (WTFAP)

Ms. Beary announced that the proposed awards are the second round of awards for the WTFAP. She said the awards are state grants to communities to assist with upgrades to their wastewater treatment systems that are required by changes in water quality standards adopted by the Department of Natural Resources in 2006. Ms. Beary explained the requirements for funding and said the percentage of assistance is directly related to the size of the community. She noted the program received an appropriation of \$4 million in FY06 and in FY07, and that the intent of the legislation was to appropriate \$4 million each year for ten years, with awards being allocated quarterly.

Ms. Beary reported that IFA received five applications for this funding round, and is proposing awards totaling \$2,780,740, leaving a balance of \$617,975. She explained that final approval for each project must be given by DNR, and that three of the proposed awards have already been approved. Ms. Beary said the other two awards will not be allocated until final approval is received, but she expects that approval soon.

MOTION: Mr. Caudron made a motion to authorize the funding of the Wastewater Treatment Financial Assistance Program grants to the communities, and in the amounts, set forth in “Exhibit A” of the resolution. On a second by Ms. Brown, the Board unanimously approved the resolution.

Title Guaranty Division (TG)

Transfer of Funds from Title Guaranty to IFA’s Housing Programs

Mr. Ogle announced that the TG Board met on December 4, 2007, and approved a transfer of funds from TG to IFA’s housing programs in the amount of \$425,000.

MOTION: On a motion by Mr. Caudron and a second by Mr. Adams, the Board unanimously accepted the transfer of funds.

Mr. Ogle reported that 200 people attended the TG annual conference on November 15, 2007. He said the conference was a success and TG received positive feedback from participants.

Mr. Ogle also stated that TG plans to roll out a full-service commercial department in which TG can provide any services the attorneys cannot, or prefer not to, provide. He noted that as soon as TG receives a signed re-insurance contract, staff will be ready to implement that program.

Miscellaneous Items

Receive Comments from General Public

Chair Anderson opened the public comment period and asked if anyone in the audience would like to address the Board.

There being no audience members wishing to address the Board, Chair Anderson closed the public comment period.

Chair Anderson said the next meeting would be held at 10:45 a.m. on January 9, 2008, in IFA’s Presentation Room.

Adjournment

There being no further business, on a motion by Mr. Caudron and a second by Mr. Erickson, the December 5, 2007, meeting of the IFA Board of Directors adjourned at 12:21 p.m.

Dated this 9th day of January 2008.

Respectfully submitted:

Approved as to form:

Bret L. Mills
Executive Director
Iowa Finance Authority

Kay Anderson, Chair
Iowa Finance Authority